

Council



Forest Heath
District Council

Title of Report:	Referrals Report of Recommendations from Cabinet	
Report No:	COU/FH/17/003	
Report to and date:	Council	22 February 2017
Documents attached:	Appendix 1: Report No: CAB/FH/17/011 'Mildenhall Hub- Funding' (<i>in relation to Item 7. below</i>) Exempt Appendix 2: Exempt Appendix A to Report No: CAB/FH/17/014 'Civil Parking Enforcement' (<i>in relation to Item 8. below</i>)	

(A) Referral from Cabinet: 14 February 2017

(These referrals have been compiled before the meeting of Cabinet on 14 February 2017 and are based on the recommendations contained within each of the reports listed below. Any amendments made by Cabinet to the recommendations within these reports will be notified prior to the Council meeting).

1. Review of Performance of Leisure Trust 2012-2016

Portfolio Holder: Cllr Andy Drummond

Report No:
[CAB/FH/17/003](#)

Overview and Scrutiny Committee

Report No:
[OAS/FH/17/002 & Appendix 1 and 2, \(Exempt Appendix 3\) & Appendix 4](#)

RECOMMENDED: That, subject to the approval of Council

Note is taken of the findings of the scrutiny in developing a new partnership agreement with Abbeycroft moving forward in particular:

- (1) The need for full transparency in "disclosure of all" costs to the Council of providing leisure services;**
- (2) The need for the agreement to focus on the outcomes for the health and wellbeing of communities.**
- (3) The approach to developing a Partnership agreement with Abbeycroft for at least 10 years and alignment of leases will deliver a value for money service for the Council.**

- 1.1 On 12 January 2017, the Overview and Scrutiny Committee was asked to review the performance of Abbeycroft Leisure in Forest Heath.
- 1.2 Report No: OAS/FH/17/002 included information on the establishment of Abbeycroft Leisure; trustees and governance (Appendix 1); core business for West Suffolk; attendance levels; continuous improvement and quality management; initiatives and projects; business development and diversification; financial performance; strategic leisure support and advice; approaches and cost of other local authorities and the future. Also attached was an Exempt Appendix 3 which contained confidential business information.
- 1.3 The Overview and Scrutiny Committee had thoroughly debated the matter and discussed topics, including the proposed length of the agreement; clarification around 'transparency of costs'; the role of the Partnership moving forward and the potential for the introduction of "indoor bowls" at Brandon Leisure Centre.

2. Treasury Management Report 2016-2017 – Investment Activity (April to December 2016)

Portfolio Holder: Cllr Stephen Edwards

Report No:
[CAB/FH/17/005](#)

**Performance and Audit
Scrutiny Committee**

Report No:
[PAS/FH/17/006 &
Appendix 1](#)

RECOMMENDED: That, subject to the approval of Council

The Treasury Management Report 2016-2017, attached at Appendix 1 to Report PAS/FH/17/006, be approved.

- 2.1 The Performance and Audit Scrutiny Committee at their meeting on 25 January 2017, considered Report No: PAS/FH/17/006, which provided a summary of investment activities for the first nine months of 2016-2017. Full details of the treasury management activities during this period were set out in Appendix 1. As at 31 December 2016, the Council held £19,755,000 of investments.

- 2.2 The under-achievement of interest earned during this period, was mainly due to the reduction in funds available for investment, following the purchase of Toggam Solar Farm. The reduced average rate of return during this period was due to the reduction in the Bank of England base rate and the resulting reduction of interest rates offered by institutions.

3. Annual Treasury Management and Investment Strategy Statements 2017/2018 and Treasury Management Code of Practice

Portfolio Holder: Stephen Edwards

Report No:
[CAB/FH/17/006](#)

Performance and Audit Scrutiny Committee
Report No:
[PAS/FH/17/007](#) &
[Appendix 1](#) & [Appendix 2](#) &
[Appendix 3](#) & [Appendix 4](#)

(The final prudential indicators will be updated as part of Report No: COU/FH/17/005, 'Budget and Council Tax Setting: 2017/2018 and Medium Term Financial Strategy 2017-2021', which is also due for consideration at Agenda Item 9. on this Council agenda).

RECOMMENDED: That, subject to the approval of Council

- (1) The Annual Treasury Management and Investment Strategy Statements 2017/2018, as contained in Appendix 1 to Report PAS/FH/17/0007, be adopted.**
- (2) The Treasury Management Code of Practice 2017/2018, as contained in Appendix 3 to Report PAS/FH/17/007, be approved.**

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management requires that, prior to the start of the financial year, that Council formally approve an Annual Treasury Management and Investment Strategy, setting out the Council's treasury management policy and strategy documents for the forthcoming year.
- 3.2 The proposed Annual Treasury Management and Investment Strategy Statements 2017-2018 was attached as Appendix 1 to Report No PAS/FH/17/007.
- 3.3 The Performance and Audit Scrutiny Committee were advised that no changes had been made to the Credit Rating Definitions (Appendix 2) since the 2016-2017 Strategy was presented to Cabinet on 10 February 2016.
- 3.4 The Treasury Management Code of Practice, attached as Appendix 3 to Report No PAS/FH/17/007 had been updated to reflect the proposed

Annual Treasury Management and Investment Strategy Statements 2017-2018 (as set out in paragraph 2.1) of the report.

- 3.5 A few minor changes had been made to the List of Approved Organisations for Investment during 2016-2017 (Appendix 4) due to credit rating changes and changes to the Top 10 List of Building Societies.

4. Delivering a Sustainable Medium Term Financial Strategy 2017/2020

Portfolio Holder: Stephen Edwards

Report No:
[CAB/FH/17/007](#)

**Performance and Audit
Scrutiny Committee:**
[PAS/FH/17/005](#)

(The recommendations emanating from Cabinet's consideration of Report No: CAB/FH/17/007 will need to be considered under Report No: COU/FH/17/005, 'Budget and Council Tax Setting: 2017/2018 and Medium Term Financial Strategy 2017-2021', at Agenda Item 9. on this Council agenda).

RECOMMENDED: That, subject to the approval of Council

The proposals as detailed in Table 1 at paragraph 1.2.1 of Report No: PAS/FH/17/005, be included in order to progress securing a balanced budget for 2017-2018.

5. Budget and Council Tax Setting: 2017/18 and Medium Term Financial Strategy 2017-2021

Portfolio Holder: Stephen Edwards

Report No:
[CAB/FH/17/008](#)

(The recommendations emanating from Cabinet's consideration of Report No CAB/FH/17/008 will need to be considered under Report No: COU/FH/17/005, 'Budget and Council Tax Setting: 2017/2018 and Medium Term Financial Strategy 2017-2021', at Agenda Item 9. on this Council agenda).

RECOMMENDED: That subject to the approval of Council

- (1) The revenue and capital budget for 2017-2021 attached at Attachment A and as detailed in Attachment D, Appendices 1-5 and Attachment E be approved.**
- (2) Having taken into account the conclusions of the Assistant Director (Resources and Performance) report on the adequacy of reserves and the robustness of budget estimates (Attachment C) and the Medium**

Term Financial Strategy (MTFS) (Attachment D), particularly the Scenario Planning and Sensitivity Analysis (Attachment D, Appendix 5) and all other information contained in this report, to establish the level of council tax for 2017/18. (Note: the level of council tax beyond 2018 will be set in accordance with the annual budget process for the relevant financial year.)

- (3) **The Assistant Director (Resources and Performance), in consultation with the Portfolio Holder for Resources and Performance, be authorised to transfer any surplus from the 2016/2017 revenue budget to the Invest to Save Reserve as detailed in paragraph 1.11.4, and to vire funds between existing Earmarked Reserves (as set out at Attachment D, Appendix 3) as deemed appropriate throughout the year;**
- (4) **The Discretionary Business Rates Relief awarded for local newspapers as detailed in paragraphs 1.4.2.1 to 1.4.2.3 to this report is approved.**

6. Joint West Suffolk Sex Establishment Licensing Policy

Portfolio Holder: Lance Stanbury

Report No:
[CAB/FH/17/010](#)

**Licensing and
Regulatory Committee
Report No:**
[LIC/FH/17/002](#) &
[Appendix 1](#)

RECOMMENDED: That, subject to the approval of Council

The proposed Joint West Suffolk Sex Establishment Licensing Policy, as set out in Appendix 1 of Report No: LIC/FH/17/002, be adopted.

- 6.1 On 9 March 2011, the District Council adopted Section 27 of the Policing and Crime Act 2009 which allowed it to regulate lap dancing clubs and similar venues under the same regime as sex shops and sex cinemas. Specifically the 2009 Act re-classified lap dancing clubs and similar venues as 'Sexual Entertainment Venues' and as a Sex Establishment under Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982. Sexual Entertainment Venues were defined by the legislation.
- 6.2 In summary, Schedule 3 as amended, allows:
- (a) local authorities to adopt the legislation;
 - (b) local people to oppose an application for a Sex Establishment Licence if they have legitimate concerns that a lap dancing club

would be inappropriate given the character of an area e.g. residential;

- (c) for licences to be required to be renewed at least yearly at which point local people would have the opportunity to object;
- (d) a local authority to reject an application if it is inappropriate given the character of a particular area;
- (e) a local authority to set a limit on the number of Sexual Entertainment Venues it thinks is appropriate for a particular area; and
- (f) a local authority to impose a wider range of conditions on a licence than it was able to under the Licensing Act 2003.

6.3 In order to operate under the legislation, 'Best Practice' advises that Councils adopt a policy for the issue of licences and the maintenance of Sex Establishments and approve a set of conditions to be applied to each licence. The District Council has a Sex Establishment Licensing Policy, the most recent version of which was adopted on 8 May 2013. St Edmundsbury Borough Council has a separate policy. It is proposed that the Joint Policy, contained as Appendix 1 to Report No: LIC/FH/17/002, replaces both documents.

7. Mildenhall Hub - Funding

Portfolio Holder: James Waters

Report No:
CAB/FH/17/011
(attached at Appendix 1)

RECOMMENDED: That, subject to the approval of Council

- (1) The funding model, with estimated project budget and cash flow, set out in Report No: CAB/FH/17/011 and its Appendix, be agreed and the Mildenhall Hub Project be approved to proceed to its planning and delivery stages.**
- (2) A funding/partnership agreement with the project partners be prepared and signed by the Director, in consultation with the Leader and Portfolio Holder for Resources and Performance, on the basis set out in Section 6 of Appendix A to Report No: CAB/FH/17/011.**
- (3) Cabinet be authorised to approve a separate business case for an investment of up to £4m in renewable energy provision in the Hub provided that this business case is in line with the Council's Medium Term Financial Strategy; and**
- (4) The Council's Section 151 Officer make the necessary changes to the Council's prudential indicators as a result of recommendation (1) above.**

7.1 For ease of reference, Report No: CAB/FH/17/011 is attached at Appendix 1 to this report and Members are requested to refer directly to the Cabinet report in the consideration of these recommendations.

8. Civil Parking Enforcement

Portfolio Holder: David Bowman

Report No:

[CAB/FH/17/014](#)

(Exempt Appendix A is attached at Exempt Appendix 2)

RECOMMENDED: That subject to the approval of Council

- (1) Note the contents of this report and the estimated financial impact of introducing Civil Parking Enforcement shown at Exempt Appendix A to Report No: CAB/FH/17/014.**
- (2) Support Suffolk County Council in seeking the transfer of Civil Parking Enforcement powers to Forest Heath District Council.**
- (3) Enter into an Agency Agreement with Suffolk County Council for the period 2019-2029 to undertake delegated Civil Parking Enforcement Powers across the District.**
- (4) Contribute £10,000 towards the countywide set up costs for Civil Parking Enforcement.**
- (5) Agree that Forest Heath District Council will meet the cost of operating Civil Parking Enforcement delivered by a shared West Suffolk service, subject to:**
 - (i) the retention of all on-street parking income;**
 - (ii) a Service Level Agreement with Suffolk County Council on the processing of new requests for restrictions and maintenance of lines and signs; and**
 - (iii) assume delegated responsibility to this authority for on street pay and display tariff setting, and provision of on-street parking bays (subject to a Highway Authority pre-defined assessment).**
- (6) Note the planned introduction on on-street charging in Newmarket High Street (as previously agreed by Cabinet 22 December 2015; Report No: CAB/FH/15/063) and request that Suffolk County Council prioritise the development of this scheme at the earliest opportunity.**

- (7) Subject to resident consultation, approve the introduction of an on-street resident permit scheme in Newmarket.**
- (8) Approve the review of off-street parking tariffs and identify further opportunities for on-street charging by the end of 2017.**
- (9) Approve the use of reserves in the short term to offset the deficit to provide time to review full financial implications post implementation.**
- (10) Approve delegated authority to the Assistant Director (Operations), in consultation with the Portfolio Holder for Operations, to sign-off the final agreements relating to the introduction of Civil Parking Enforcement.**

- 8.1 Civil Parking Enforcement (CPE) is where local authorities take over responsibility for 'on-street' parking restrictions from the police. Of the 327 District Councils in England, just 25 are not designated as Civil Enforcement Areas (CEAs). Suffolk hosts 6 of those 25 where parking violations are still enforced by the police.
- 8.2 Suffolk Constabulary is not permitted to retain any income from parking enforcement with all monies being sent to the Treasury. Given competing higher priorities and reduced resources, the current level of parking enforcement in Suffolk is seriously limited. Therefore there is an emerging collective desire to move the responsibility for the enforcement of on-street parking restrictions in Suffolk from the Police to Local Authorities. This was recently endorsed by the Suffolk Public Sector Leaders Group (SPSLG) in seeking to ensure there is a basic level of enforcement in the county. It is viewed that CPE has the benefit a common enforcement service for both on and off street parking for the convenience and ease of understanding for the motorist as well as a more efficient operation.
- 8.3 In two-tier authority areas such as Suffolk, subject to the consent of the Secretary of State for Transport, CPE can only be transferred to the County Council who may operate it directly or by delegation under an agency agreement with District and Borough Councils. Suffolk County Council (SCC) has already delegated CPE powers to Ipswich Borough Council for 11 years and a similar form of delegation is preferred across Suffolk with three separate operational teams patrolling the county - West Suffolk (Forest Heath and St Edmundsbury), East Suffolk and Ipswich. The Mid Suffolk and Babergh authorities have declined to undertake the management of CPE themselves and the enforcement of these districts will be shared across the three operational teams. Babergh and Mid Suffolk Councils have also approached West Suffolk to manage some its off street car parks, including Sudbury and Stowmarket, on a full cost recovery basis.

- 8.4 The proposed powers delegated to this Council would include the enforcement of double yellow lines, loading bays, taxi ranks, school keep clear areas and bus stops. The frequency of patrols is a significant factor and the deployment plan will be consistent with guidelines set out under the Traffic Management Act 2004 on which the Secretary of State for Transport will consider granting approval for CPE in the county.

Financial Implications

- 8.5 There are financial implications resulting from CPE. The set up costs for implementing the scheme across the county will be in the region of £1.13m which includes the cost of equipment and software requirements along with the associated costs of submitting the CPE application to the Department of Transport. The set up costs of £1.13m will be shared with £10,000 met by the six district and borough councils (excluding Ipswich Borough Council where CPE already exists), £190,000 from the police and the remaining £880,000 met by the Council. The county council will also fund the review of all lines, signs and the accompanying traffic regulation orders at a likely cost of £250,000.
- 8.6 The revenue implications for this Council is important. Minded that in having the CPE powers delegated to the District Council, each Council will assume the financial risk of the scheme in there locality. External consultants - Mouchel, were appointed to support all Suffolk authorities in the business planning process for the project with the aim of providing realistic cost and income assumptions.
- 8.7 The level of expenditure is dependent on the level of enforcement required which will determine the number of staff and vehicles that are needed. It is assumed that 1Team Leader and 4 Civil Enforcement Officers are employed in FHDC in addition to a patrol manager, radio controller and staff processing Penalty Charge Notices. This is a prudent forecast as overprovision would lead to an inefficient parking operation. Economies of scale savings may result from procurement and, subject to a separate business case, consideration will also be given to a shared Suffolk back of house system for the processing of fines. It is estimated that the annual cost of operating the scheme will be around £260,000 in FHDC.
- 8.8 Under their guidance for CPE applications, the Department of Transport advise that schemes should be self-financing as soon as practicable and off street car park income is not required to underwrite the costs (with exception of Penalty Charge Notices). Therefore the financial model for CPE is reliant on limited revenue opportunities, generated from unpredictable and as yet unknown levels of Penalty Charge Notices (PCN's). Fine income is difficult to predict but having taken external advice and made comparisons with other authorities, it is estimated that average annual income from PCN's will be £100,000 in FHDC and thereby an annual operating CPE deficit of £160,000 in FHDC (and a combined deficit of £540,000 across West Suffolk).

- 8.9 CPE is unlikely to reach a cost neutral position based on the projected expenditure and estimated income from the issue of parking fines in FHDC. On-street income in other civil enforcement areas has been accepted as the preferred mechanism to ensure the viability of the CPE service and ensures no long term financial dependency from other Council funding streams. Currently on-street pay and display parking charging is only operated in Bury St Edmunds and Ipswich.
- 8.10 Suffolk County Council has offered that all income generated on street can be retained to off-set the costs of CPE by the local District or Borough Council managing the scheme. Any surplus funds derived from on street income may only be reinvested into transport related initiatives. In addition, SCC have offered to allow the districts to take control over the provision of on-street pay and display parking, including determining its location and tariffs (subject to consultation with the Highway Authority). The County Council would retain primacy over actual location of such parking against agreed criteria which will be developed. Such criteria would be for instance if the Council as highway authority considers that road safety or traffic management would be adversely affected or if there would be adverse consequential impacts on other parts of the highway network.
- 8.11 Exempt Appendix A to report No: CB/FH/17/014 (for ease of reference, it is attached as Exempt Appendix 2 to this report) sets out the estimated budgetary position for FHDC. This has identified in-house efficiencies and economy of scale savings, including the displacement of vehicles who park illegally on-street to off-street parks. Members will note no significant impact on the off street parking account.
- 8.12 In summary, the FHDC CPE account will operate at a deficit of £160,000 unless other income sources are agreed to off-set this loss. Cabinet will note that they approved in principal the introduction of Pay and Display charges on Newmarket High Street on 20 December 2015 (Report No: CAB/FH/15/063 paragraph 2.4ix) and sought SCC to develop a scheme. This would potentially generate in excess of £100,000 pa (subject to a detailed Business Case). Members are recommended to request that SCC prioritise the development of this scheme at the earliest opportunity.
- 8.13 Cabinet will also be aware that further consultation on a Resident Parking Scheme will commence in Newmarket this spring. Should a scheme have widespread support by residents, the income from permit sales would fund the costs of enforcement and may generate further displacement of vehicles to the off street car parks, contributing in the region of £30,000 per annum.
- 8.14 SCC has advised that new on-street pay and display and resident parking schemes take on average 18 months to work and implement. Members should not assume either scheme will be operational by 2019 but be assured that work will commence as a priority.

- 8.15 Minded that the cost of CPE may not be fully recoverable from on street charges alone, Members should consider the use of off-street car parking income. Whilst existing receipts are factored into the Council's mid-term financial strategy, income generated by an increase to existing tariffs or the introduction of charges for car parks that are currently free, could be used. The withdrawal of free parking could also provide an opportunity to establish on-street pay and display parking.
- 8.16 In conclusion, CPE is likely to operate at a £160,000 loss in the 2019/2020 financial year although the deficit will be significantly reduced to £30,000 in 2020/21. Cabinet are therefore recommended to agree the following options to offset the deficit in the short term and mitigate against any delay to potential on street income receipts:-
- Review off street parking tariffs and identify further opportunities for on street charging by the end of 2017.
 - The use of reserves in the short-term to offset the deficit that will provide time to review full financial implications post implementation.
- 8.17 Financial risk to FHDC can be further mitigated by a robust Service Level Agreement (SLA) with the County Council which would set clear timescales for maintenance and repair of the signs and lines on the highway to be compliant with the Traffic Regulation Order. A delay would result in potential lost income from enforcement and therefore the agreement would seek financial penalties if the redial works are not dealt within a reasonable period of time.

Programme Management

- 8.18 Formal agreement by all authorities in Suffolk to endorse the transfer of CPE powers from the police is needed by the end of February 2017. Each authority will need to approve its individual business case and accept financial risk for their own CPE operation. This endorsement is required for the application to the Secretary of State for Transport. It is anticipated the formal application will be made by the end of this year with the CPE becoming fully operational by April 2019.
- 8.19 The delegation of CPE operations in SEBC and FHDC will be underpinned an Agency Agreement with Suffolk County Council for the period 2019-2029. The latter will detail the terms of the CPE delegation from SCC and include how the scheme is managed and financed Delegated authority is required for the Assistant Director (Operations) to sign off the final agreement.